

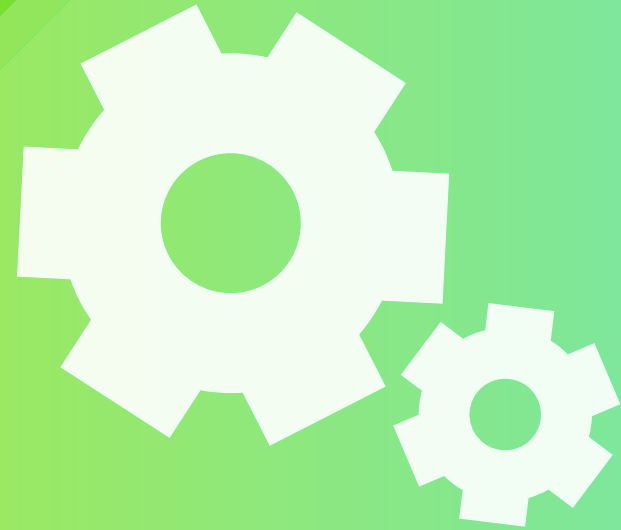
IDA Ireland Annual Report & Accounts 2017



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Chairman & CEO Overview



Chairman & CEO Overview

IDA Ireland continues to drive its strategy Winning: Foreign Direct Investment 2015 – 2019 which is delivering ahead of schedule on its hugely ambitious targets which include:

- **80,000 New Jobs**
- **900 Investments**
- **A 30 – 40% increase in investments into regional locations; and**
- **€3bn in R&D expenditure**

The 2017 figures are consistent with a pattern of extremely strong job creation amongst IDA client companies in recent years. 19,851 new jobs were created over the course of the year – resulting in 10,684 of a net gain in jobs for the year.

To put this in context, less than ten years ago, across 2008 and 2009, Ireland lost over 35,000 FDI jobs. This is a salutary reminder that we can take nothing for granted in the foreign investment world – all jobs must be fought for and won against increasing international competition.

In the last three years alone, IDA Ireland has exceeded the total net increase in jobs targeted in its five-year Strategy.

The ultimate goal of the strategy is for the people of Ireland to benefit from foreign direct investment by IDA Ireland being the most successful investment promotion and development agency in the world.

Mid-Term review of Strategy

As promised at the outset of the current strategy, the Agency undertook a review of the objectives and targets contained within the strategy at its mid-point in 2017.

Global political circumstances have changed remarkably since late 2014 when the strategy was developed with the United Kingdom's forthcoming exit from the European Union and a new US Administration impacting the international investment climate.

Ireland's investment proposition, offering a stable policy and regulatory environment, the availability of talent and a track record of a strong base of existing international companies, continues to appeal greatly to investors. In order to achieve an optimum outcome for the remaining two years of its strategy, the Agency plans to make a number of adjustments to its strategy.

- IDA Ireland will be reorganising its global footprint from 3 to 4 territories in recognition of Brexit (USA, Europe, AsiaPac, United Kingdom)
- Going forward in order to maintain the high level of customer service to our U.K. Clients, this market will be addressed as a distinct territory.
- From 2018, IDA Ireland's continental European business will be managed from its Dublin and Frankfurt offices
- IDA Ireland will open a new Canada office in Toronto in 2018
- IDA will explore a number of new market opportunities – UAE, Turkey and South Africa
- IDA will focus on opportunities and challenges presented by Artificial Intelligence (AI) and Robotics



Frank Ryan
Chairman

Chairman & CEO Overview

Outlook

While Ireland has demonstrated a remarkable capacity to absorb foreign investment, the business environment for Foreign Direct Investment is more competitive now than ever before with many other countries, large and small, vying for the same investments as Ireland.

The continued employment growth and decreasing unemployment rate in Ireland is consistent with an FDI base currently increasing its presence in Ireland. This is a remarkable turnaround for the Irish economy and foreign investment has been a key catalyst in this area.

Based on the performance for the first three-years of the strategy, IDA expects to exceed the Investment and Job creation targets set for Winning FDI Strategy 2015–2019, but significant down-side risks exist.

There are substantial International Developments, the precise impacts of which are not yet known. These include the on-going Brexit negotiations and recent taxation reform in the US. Greater protectionism and nationalistic policies in some quarters is also an increasing phenomenon that may impact FDI flows globally.

In the short to medium term, technological developments such as Artificial Intelligence and Robotics are likely to have a major impact on the future of work and employment across all sectors.

Maintaining the competitiveness of the Irish economy remains essential – issues for FDI investors include: Residential Housing – availability & cost; skills; infrastructure investment; income tax levels at the higher marginal rate and increasing industrial relations activity.

IDA Ireland has worked with thousands of clients, helping them to locate businesses in Ireland for over 69 years now. The planning process has worked for most of these companies; however there are clearly areas for improvement and the Government has committed to make changes to the planning processes to address these issues.

We need a much higher degree of predictability in relation to our planning processes. Not predictability about outcomes, but definitive timelines that are appropriate for the pace at which the commercial world works.

Increasing the availability of housing and improving infrastructure is a Government priority, planned responses and initiatives already undertaken by Government in response to these issues will assist in convincing investors of Ireland's continued commitment to maintaining competitiveness.

The first half of 2018 has noted some very significant client investments including Chinese Biologics manufacturer Wuxi Biologics which announced that they will locate their first manufacturing plant outside of China, in Dundalk. Wuxi's plant will be the largest facility in the world using single use bioreactors. While Edwards Lifesciences is to build a new plant to manufacture delivery components for its transcatheter heart valve therapies investing €80m and creating 600 jobs in the Mid-West region.

Not only will these investments have a hugely positive impact on the local economies but they will also act as great regional reference cases to help us attract further new investments.

Notwithstanding this, the competition for Foreign Direct Investment remains intense and is increasing.



Martin Shanahan
Chief Executive Officer

Brexit

IDA Ireland's Brexit-strategy has involved significant engagement with our clients supported by a multi-media marketing campaign highlighting Ireland's advantages in a post-Brexit context including English language, commitment to the EU, a common law system in addition to our existing competitive proposition. IDA Ireland has also undertaken and participated in Brexit related conferences and events across the globe.

IDA Ireland has worked with significant numbers of clients like Thomson Reuters, Wasdell, Masons Bank of America, Barclays, Citigroup, S&P Global, Legal & General, Pinsent Masons, Northern Trust, Citadel, Tobam, alterDomus, Fundrock, Chaucer, Kabbage, Willis Towers Watson, Bank of China and Beazley Re have all declared for Ireland to meet their post Brexit business requirements.

As Brexit negotiations continue in 2018, IDA Ireland will be redoubling its efforts with mobile investors to highlight Ireland's suitability as a location for international business.

Performance

In 2017, employment levels in foreign owned companies reached 210,443. IDA Ireland has achieved this figure two years ahead of target. This is a considerable achievement for Ireland and is an indicator of how competitive Ireland is at winning business globally. The continued success of IDA client companies has been a strong contributor to employment growth and the downward trajectory of Ireland's unemployment rate. IDA client companies created 19,851 new jobs and these results indicate a strong performance by the organisation towards delivering its 2019 target of 80,000 new jobs and 900 investments.

As was flagged in the 2016 results, job losses were at remarkably low levels as a percentage of the overall employment in FDI. As expected, the levels of losses have increased in 2017. This number is much closer to the long term average.

The high level of investments won remained stable in 2017 with 237 new investments secured by IDA during the year. The number of new name investments increased to 111 from 99 in the previous year. The strong net job creation performance of 10,684 additional jobs in Ireland shows the resilience of the Irish offering where investors continue to value talent, track record, and a stable regulatory environment.

Among the leading investments secured during 2017 were:

- **Element Six** based in Shannon, Co Clare announced the creation of an additional 100 jobs in the areas of supply chain, engineering and manufacturing, with recruitment already underway
- **Mercury Filmworks** from Ottawa, Canada announced it has joined forces with acclaimed Kilkenny-based animation studio Cartoon Saloon to create an all-new animation studio in Ireland, Lighthouse Studios which will create over 140 jobs
- **Indeed.com** - the world's largest job site, announced expansion plans for its Dublin-based headquarters for Europe, the Middle East and Africa (EMEA), adding 500 new employees over the next two years
- **Microsoft** announced it will add 800 new jobs at its Dublin operations
- **Mobile Technologies Inc. (MTI)** is to hire 150 people in its newly established European Contact Centre Headquarters in Drogheda

- **BorgWarner** announced it is to add a new production line for Electric Vehicle Technology and create 50 new jobs in Tralee, Co Kerry
- **MSD** announced 330 new jobs to be created in Carlow and Cork, and invest €280m to expand production facilities
- **Northern Trust** will add up to 400 new jobs in Limerick
- **Graebel Companies Inc.** announced it is to create 125 new jobs in a EMEA Financial Shared Services and Operations Centre in Dundalk, Co Louth
- **KBRA** - the Credit ratings agency, selected Dublin for European Headquarters and will create 100 jobs
- **Janssen Sciences Ireland** announced an expansion of its Ringaskiddy, Co. Cork facility. The expansion plans involve an investment of more than €300m and will create 200 new jobs
- **Wasdell Group** to establish Pharmaceutical Packaging & Distribution Facility in Dundalk, Co Louth creating 300 jobs over five years
- **Beckman Coulter**, which is a strategic site in the development and manufacture of medical diagnostic products is expanding its facility at Lismeehan, Co Clare, creating 70 jobs over the next two to three years.
- **National Pen**, a leading global provider of personalised marketing merchandise, celebrated its 30th anniversary in Dundalk, Co Louth and announced that it will add 250 new jobs.
- **S&P Global Ratings** announced it has chosen Dublin as a post-Brexit European hub.

Chairman & CEO Overview

Regions

While extraordinarily challenging, IDA is succeeding in winning regional investments. FDI employment in all regions increased in 2017, for example in the South West, employment increased by 4.2% and by a remarkable 9.2% to 14,785 in the South East. IDA Ireland is acutely aware of the importance of jobs for regional sustainability and development but it remains a challenge to convince international investors to consider locations outside of Dublin and the larger urban areas.

IDA Ireland will continue to work with all Government and regional stakeholders to present regional locations in the best possible light to potential investors.

IDA works with the Private Sector to secure buildings and sites to meet the needs of clients. In recent years, the private sector has not been investing in property solutions outside Dublin. With financial support from Government IDA has stepped in as an investor of last resort, to ensure that Property solutions, in Regional locations are in place to win investments and jobs in order to meet our clients' needs.

IDA Ireland's Regional Property Investment Programme has been designed to win investments and jobs into Regional locations with the objective of creating high-spec pre-built turnkey property options that businesses could move into at short notice. So far, IDA has successfully secured tenants for the first buildings completed under its Regional property investment programme in Waterford, Athlone and Sligo. Two new buildings in Castlebar and Tralee are now complete and being marketed extensively. Construction is also underway in Galway.

IDA Ireland continues to roll out its building programme across the country with new buildings planned in Carlow, Dundalk, Limerick, Athlone and Waterford over the next two years.

Team Ireland

IDA Ireland was recently named as the best Investment Promotion Agency in Western Europe for the third year in a row by Site Selection Magazine which is a remarkable endorsement of IDA Ireland's professionalism and services. For this award the opinions of 1,000, corporate decision-makers, site consultants and experts from around the world were asked which agencies they regarded as the very best in the business and IDA Ireland came out on top.

But IDA can only do its job with the help and assistance of many stakeholders across the wider system.

IDA would like to acknowledge the continued support and funding of the Government.

IDA Ireland reports into the Minister for Business, Enterprise and Innovation and works closely with DBEI and other Government Departments and agencies such as Enterprise Ireland, Science Foundation Ireland, Higher Education Authority, Solas, NAMA, Eirgrid, NTMA, Coillte, local Authorities, Tourism Ireland and many private sector organisations and Chambers of Commerce.

IDA's most powerful marketing tool is its clients and we pay tribute to the companies that have placed their confidence in Ireland and we also wish to acknowledge the many multinational and Irish companies who gave up their time to generously meet with prospective investors visiting Ireland during 2017.

Most importantly, we pay tribute to our team at IDA Ireland who fight to win these jobs on a daily basis – at home in Ireland and all around the globe they have worked tirelessly to achieve these numbers. Their work and dedication are what drives these results and their passion, expertise, and determination is recognised here.

IDA would like to thank Lionel Alexander, Peter Cassells and Caroline Dowling for their strong contributions and guidance while on the Board. During 2017 Mary Mosse joined the Board. In January 2018 Geraldine McGinty was reappointed to the Board.



Frank Ryan
Chairman



Martin Shanahan
Chief Executive

Statistics



IDA Ireland Indicators

Indicator	2017 Value
Total of Investments Approved	237
No of Greenfield Projects	111
No of Expansion Projects	76
No of Research, Development & Innovation Projects	50
Investment in Research, Development & Innovation Projects	€905M
% of Investments Located Outside Dublin	42%
% of Jobs Approved Outside Dublin	55%
% Jobs Approved with Salaries in excess of €35,000	75%
Average Salary in Investments	€48,406
Total R&D in-house Expenditure*	€1.64bn

Note * R&D in-house expenditure data refers to 2016.

Origin of IDA Ireland Supported Companies 2017

Origin	No of Companies	Total Employment
United States	764	152,146
Germany	94	13,678
United Kingdom	96	5,776
France	59	7,091
Rest of Europe	183	16,551
Rest of World	188	15,201
Total	1,384	210,443

Source: Department of Business, Enterprise and Innovation Annual Employment Survey 2017.

Note: Includes full-time and part-time employees.

Employment in IDA Supported Companies

	2017
Job Gains	19,851

Source: IDA Ireland 2017

Employment in IDA Supported Companies

	2016	2017
Total Employment	199,759	210,443
Full Time	180,798	191,067
Other	18,961	19,376
Net change in total employment	13,725	10,684
% Net change in total employment		5.3%

Source: Department of Business, Enterprise and Innovation Annual Employment Survey 2017, Time series data.

Note: Includes full-time and part-time employees.

Total Employment by Region in IDA Ireland Supported Companies

IDA Region	2013	2014	2015	2016	2017	% Change 2016/2017
Border	9,286	9,972	10,431	11,065	11,469	3.6%
Dublin &						
Mid-East	80,265	83,818	88,819	95,914	101,355	5.7%
Mid-West	13,810	14,460	15,373	16,890	17,787	5.3%
Midlands	3,905	3,997	4,197	4,274	4,327	1.2%
South-East	11,992	12,506	12,734	13,537	14,785	9.2%
South-West	28,916	30,146	34,049	35,928	37,434	4.2%
West	18,963	19,486	20,431	22,151	23,286	5.1%
IDA Ireland	167,137	174,385	186,034	199,759	210,443	5.3%

Source: Department of Business, Enterprise and Innovation Annual Employment Survey 2017.

Note: Includes full-time and part-time employees.

Statistics (continued)

Total Employment by Sector in IDA Ireland Supported Companies

Sector	2013	2014	2015	2016	2017	%change 2016/2017
Pharmaceuticals	22,771	23,038	24,984	26,618	28,026	5.3%
Computer Electronic & Optical Equipment	17,292	18,120	20,474	20,285	19,960	-1.6%
Medical & Dental Instruments & Supplies	25,801	26,932	27,225	29,263	30,746	5.1%
Metals & Engineering	9,988	9,907	10,230	10,560	10,769	2.0%
Miscellaneous Industry	8,268	8,016	8,339	8,510	8,931	4.9%
International & Financial Services (incl software)	83,017	88,372	94,782	104,523	112,011	7.1%
Total	167,137	174,385	186,034	199,759	210,443	5.3%

Source: Department of Business, Enterprise and Innovation Annual Employment Survey 2017

Economic Impact of FDI:

The Department of Business, Enterprise and Innovation estimates that for every 10 jobs generated by Foreign Direct Investment (FDI) directly, another 8 are generated in the wider economy. This translates into 378,797 jobs that were supported by FDI at the end of 2017. Secondary economic benefits impact positively on the construction industry, the retail sector and the hospitality industry.

The ABSEI (Annual Business Survey of Economic Impact) survey results for 2016 (latest data available) include data for Exports, Irish Economy Expenditure, in-house R&D and capital expenditure as follows:

- IDA client exports increased 9.7% to €172bn in 2016.
- Expenditure in the Irish economy grew 7.4% to €17.9bn in 2016. This is made up of expenditure on payroll (€10.9bn), Irish services (€4.8bn), and Irish materials (€2.2bn).
- In-house R&D Investment grew 9.5% to €1.64bn in 2016.
- IDA clients invested €4.9bn in capital projects in 2016.

IDA Ireland Cost per Job Sustained Constant 2017 Prices

	2005-2011	2006-2012	2007-2013	2008-2014	2009-2015	2010-2016	2011-2017
IDA Ireland (€)	13,347	13,123	12,862	12,802	10,578	9,148	8,057

Source: Department of Business, Enterprise and Innovation Annual Employment Survey 2017

Note: The cost per job sustained is calculated by taking into account IDA Ireland grant expenditure to all firms in the period of calculation.

Only jobs created during and sustained to the end of each seven year period are credited in the calculations.

Corporate Social Responsibility



Corporate Social Responsibility

Companies around the world are increasingly engaging in corporate social responsibility (CSR) initiatives. Embracing responsible and sustainable business practices helps to make companies employers of choice and has important reputational benefits, therefore also contributing to the achievement of business strategy targets. Ireland's continued success in winning FDI requires IDA to be able to attract and retain the best people and to maintain IDA's international reputation as a modern organisation that exemplifies best practice.

IDA's CSR initiatives across the workplace, community and environment contribute to, uphold and deepen our core values of passion for performance and achievement, public service, professionalism and people. They are also aligned at a national level to the objectives of the Government's National Plan for Corporate Social Responsibility 2017-2020. As more and more leading global companies use the Sustainable Development Goals as a scorecard and a benchmark for their responsible and sustainable business practices, the goals offer IDA a useful overarching framework for both existing and future CSR initiatives in the organisation.

IDA recognises the importance of diversity in making the organisation a place where staff can develop and succeed. The global facing nature of IDA's activities requires us to reflect the diversity of both Irish society and the wider world in which our staff work on a daily basis.

IDA has appointed Diversity and Inclusion Champions across the Ability, Gender, LGBT+, Multicultural and Socio-Economic pillars of diversity. Our first event to celebrate International Women's Day was held in March 2018 as a forerunner to a number of Diversity and Inclusion events and initiatives in the months ahead, including an event to celebrate IDA's multicultural diversity and the launch of the IDA LGBT+ Ally Network.

Providing staff with the tools to develop as people and deepen their knowledge is another important aspect of responsible business practice, particularly in a rapidly changing global economy. IDA has established policies in this area, for example through regular performance management and development reviews. The importance of health and wellbeing is reflected in initiatives such as flexible working hours, the bike to work scheme, and the Sports and Social Club.

Beyond the workplace, IDA staff have taken the lead in the organisation's engagement with the community through the fund and awareness raising activities of the CSR Committee for charities chosen by staff members. The CSR Committee has held fundraising events for Focus Ireland and Irish Guide Dogs for the Blind since its establishment in 2016.

IDA is also conscious of the need to carry out our activities in a sustainable manner. Under the National Energy Efficiency Action Plan (NEEAP), the public sector has been set a target to improve its energy efficiency by 33% by 2020. IDA is on track to deliver on this target and, as of 2016, had recorded energy savings of 58.7% across the Agency's offices and business parks since the baseline level was set*.

Social Responsibility is at the very core of IDA Ireland's raison d'être, as reflected in its mission to win and develop foreign direct investment, providing jobs for the economic and social benefit of Ireland. In addition IDA Ireland strives to incorporate CSR into all aspects of its operations.

*The data submitted by IDA on an annual basis to SEAI is subject to verification on an ongoing basis up to the 2020 deadline.



Governance Statement and Board Members' Report



Governance Statement and Board Members' Report

Governance

IDA Ireland is an autonomous Statutory Agency set up under the Industrial Development Acts 1986 - 2014. The Agency operates in accordance with the provisions of the Acts and under the aegis of the Minister for Business, Enterprise and Innovation, who is empowered to provide funds to discharge its obligations and issue general policy directives/seek information on the Agency's activities.

While the primary source of corporate governance for IDA Ireland are the Industrial Development Acts, the Agency is also required to comply with a range of other statutory (National and EU) and administrative requirements. IDA Ireland affirms that it met its obligations in regard to all of these requirements. In particular, it has the following procedures in place to ensure compliance with specific requirements:

1 General Administrative and Policy Requirements

At national level, IDA Ireland works closely with officials of the Department of Business, Enterprise and Innovation and officials of other Government Departments and State Agencies in advancing its objectives and ensuring compliance with statutory, administrative and Ministerial/Government requirements. At local level, the Agency works closely with Local Authorities, Educational Establishments, other State Agencies and a wide range of Local Organisations/Public Representatives to develop the local environment necessary for attracting new investment. IDA Ireland continues to implement a policy directive issued by the Minister for Business, Enterprise and Innovation on 18 December 2006 and which reads as follows:

The European Commission adopted Regional Aid Guidelines for the periods 2007-2013 and 2014-2020 together with respective Block Exemption Regulations for each of the two periods, which enables regional aid schemes to be operated without prior approval of the European Commission. In order to comply with the requirements arising from the Regional Aid Guidelines and the Block Exemption Regulations new Administrative Rules relating to Industrial Development regional aid schemes

for each respective period were also drawn up. IDA also provides research and development grants in accordance with the Community Framework for State aid for Research and Development and Innovation 2006.

2 Code of Practice for the Governance of State Bodies (2016)

Statement of Compliance

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. IDA Ireland was in full compliance with the Code of Practice for the Governance of State Bodies for 2017, subject to a waiver from the Department of Business, Enterprise and Innovation in respect of a requirement in a 2014 circular, as noted in the Statement of Internal Control.

Section 2.6: Complied with by the Chairman of the Board in a separate letter furnished to the Minister for Business, Enterprise and Innovation.

Sections 1.8 & 7.5 (iii): An effective system of internal control is maintained and operated by the Agency (Statement on Internal Control, page 25).

Section 9: Government policy on the pay of Chief Executives and State Body employees is being complied with Governance Statement and Board Members Report Pages 18 & 20 and Notes to the Financial Statements No 8, pages 34-35).

Sections 1.15 & 1.17: The Board has approved the five year IDA strategy "Winning Foreign Direct Investment 2015-2019". In addition, the Board has established processes to ensure sound corporate planning, etc., as required by this Section (Governance Statement and Board Members Report 2017, page 16 and Statement on Internal Control page 25).

Section 9: The IDA travel procedures reflect the Government's travel policy requirements and are being complied with.

Section 8.47: The Chairman of the Board, in the separate letter furnished to the Minister for Business, Enterprise and Innovation, confirms that the IDA has complied with its obligations under tax law.

The schemes and programmes administered by the IDA are in accordance with the legislation governing the operation of the Agency and appropriate risk management systems are in place.

3 Revenue Commissioners' Statement of Practice Sp-It/1/04 on Tax Treatment of Remuneration of Members of State and State Sponsored Committees and Boards

IDA Ireland fully complies with this Statement of Practice.

4 Guidelines for the Appraisal and Management of Capital Expenditure Proposals

IDA Ireland has well-established robust procedures in place for the Appraisal and Management of Capital Expenditure projects arising under the Capital Grants or Property programmes. These procedures comply with the principles set out in the Guidelines for the Appraisal and Management of Capital Expenditure Proposals.

5 Employment Equality Acts, 1998 And 2004

Equality is an established priority for IDA. The organisation has a progressive equality and diversity agenda and new initiatives are developed on an ongoing basis. IDA Ireland values diversity and strives to be an equality employer where individual contribution is encouraged and differences are valued. To this end, it is committed to ensuring that no staff member of IDA, or applicant for employment with IDA, receives less favourable treatment than any other on grounds of gender, marital status, family status, sexual orientation, religion, age, disability, race, membership of the traveller community or on any other grounds not relevant to good employment practice.

Governance Statement and Board Members' Report (continued)

This applies to recruitment, working conditions and development opportunities.

IDA is committed to maintaining and developing a balanced work/life environment for all staff.

6 The Health, Safety and Welfare at Work Act, 2005

This Act, which replaces the provisions of the Safety, Health and Welfare Act, 1988, consolidates and updates the existing law. IDA Ireland continues to take appropriate measures to protect the safety, health and welfare of all employees and visitors within its offices to meet the provisions of this Act. This extends to the Public Health (Tobacco) Acts 2002 and 2004.

7 Worker Participation (State Enterprise) Act, 1988

Consultative structures are operating effectively in IDA Ireland and are a recognised feature of the organisation's communications and consultative structure. The Joint Consultative Committee is welcomed as a positive process by both management and staff. Additionally, a further partnership arrangement has been established with the Trade Unions to progress actions under the Haddington Road National Agreement.

8 Ethics in Public Office Act, 1995 and Standards in Public Office Act, 2001

In accordance with the above Acts, all IDA Ireland Board Members and staff holding designated positions have completed statements of interest in compliance with the provisions of the Acts.

9 Freedom of Information Act 2014

IDA Ireland complies with this Act. Requests for information under this Act should be addressed to the Freedom of Information Executive, IDA Ireland, Wilton Park House, Wilton Place, Dublin 2.

10 Energy Efficiency

In compliance with the Government memorandum of June 2001, IDA Ireland, in the design, planning and construction of office and manufacturing buildings on its Business and Technology Parks, applies 'best practice' principles in all cases. The IDA's offices in the regions also conform to 'best practice' principles.

11 (I) Prompt Payment of Accounts

The Prompt Payment of Accounts Act 1997 (the Act), which came into operation on 2 January 1998, was amended by the European Communities (Late Payment in Commercial Transactions) Regulations 2002. Management is satisfied that IDA complied with the provisions of the Act in all material respects.

11 (II) Prompt Payment to Supplier

IDA Ireland is committed to meeting its obligations under the 15 day Prompt Payment Rule, which came into effect on 1 July 2011.

The provision ensures that payments to suppliers in respect of all valid invoices received will be made within 15 calendar days. IDA Ireland reports quarterly in the "Corporate Governance" section of the website on the implementation of the 15 day Prompt Payments rule.

12 Protected Disclosure

In line with the legal requirement under section 21 of the Protected Disclosures Act 2014, IDA Ireland has established and maintains procedures for the making of protected disclosures by workers who are or were employed by IDA Ireland and for dealing with any disclosures made. IDA Ireland has provided staff with written information relating to the protected disclosures procedures.

There were no protected disclosures made to IDA Ireland in 2017.

Board Responsibilities

The Board of IDA Ireland was established under the Industrial Development Acts 1986-2014. The functions of the Board are set out in section 8 of the Act 1993.

The Board is accountable to the Minister for Business, Enterprise and Innovation and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of IDA Ireland are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of IDA Ireland.

The work and responsibilities of the Board are set out in The Corporate Governance Manual which also contains the matters specifically reserved for Board decision. Standing items considered by the Board include:

- declaration of interests,
- reports from committees,
- financial reports/management accounts,
- performance reports, and
- reserved matters.

Section Paragraph 7 (2) of the First Schedule of the Industrial Development Acts 1986-2014 requires the Board of IDA Ireland to keep, in such form as may be approved by the Minister for Business, Enterprise and Innovation with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

Governance Statement and Board Members' Report (continued)

In preparing these financial statements, the Board of IDA Ireland is required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Paragraph 7 (2) of the First Schedule of the Industrial Development Acts 1986-2014. The maintenance and integrity of the corporate and financial information on the IDA Ireland's website is the responsibility of the Board.

The Board is responsible for approving the annual plan and budget. An evaluation of the performance of IDA Ireland by reference to the annual plan and budget was carried out on 7th February 2018.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of IDA Ireland give a true and fair view of the financial performance and the financial position of IDA Ireland at 31 December 2017.

Board Structure

The Board consists of a Chairperson, CEO and ten ordinary members, all of whom are appointed by the Minister for Business, Enterprise and Innovation. The members of the Board were appointed for a period of five years and meet 10 times a year or more often if required. The table below details the appointment period for current members:

Board Member	Role	Date Appointed	
Frank Ryan	Chairman	1st January 2014	
Martin Shanahan	CEO	31st August 2014	
Dermot Mulligan	Ordinary member	19th October 2016	
Denis Collins	Ordinary member	4th September 2015	
Barry O'Sullivan	Ordinary member	4th September 2015	
Geraldine McGinty	Ordinary member	29th January 2018	(Retired on 31 December 2017. Re-appointed on 29 January 2018)
Anne Fitzsimons	Ordinary member	26th August 2016	
Marian Corcoran	Ordinary member	26th August 2016	
Mary Mosse	Ordinary member	12th September 2017	
Peter Cassells	Ordinary member	2nd February 2017	(Retired on 31 December 2016. Re-appointed 2 February 2017. Retired on 31 December 2017)
Caroline Dowling	Ordinary member	4th September 2015	(Retired on 22 May 2017)
Lionel Alexander	Ordinary member	31st March 2014	(Retired 31 December 2017)

The Board commenced a Board Effectiveness and Evaluation Review in December 2017, which was completed in April 2018.

Key Personnel Changes - Board members as above. Divisional Manager, Barry Heavey, resigned from his position with effect from 31 May 2017. Michael Lohan was appointed Divisional Manager with effect from 6 October 2017.

Governance Statement and Board Members' Report (continued)

The Board operates to best practice corporate governance principles and in line with the guidelines set out in the 'Code of Practice for the Governance of State Bodies' as issued by the Department of Public Expenditure & Reform, both in its own activities and in its use of committees.

It is responsible for setting the broad policies of the organisation and for overseeing its operation. It performs these functions directly and through the operation of focused Board Committees. Responsibility for the implementation of policy rests with executive management.

The Board has statutory authority to approve grant aid up to the levels set out in the Industrial Development Acts and to recommend grant aid above these specified levels to Government. In accordance with the Ethics in Public Office Acts, 1995 and 2001, IDA Ireland Board Members furnish a Statement of Interests to the Secretary and to the Standards in Public Office Commission.

In accordance with the 'Code of Practice for the Governance of State Bodies' 2016, IDA Ireland fully complies with Government policy on the pay of Chief Executives and State Body employees and with Government guidelines on the payment of fees to Board Members.

Frank Ryan
Chairman, IDA Ireland

Martin Shanahan
Chief Executive Officer, IDA Ireland

Lionel Alexander
Chairman, Tralee Institute of Technology

Geraldine McGinty
Assistant Professor of Radiology, Weill Cornell Medical College, New York Assistant Attending Radiologist, New York Presbyterian Hospital

Peter Cassells
Executive Director, Edward M Kennedy Institute, NUI Maynooth, Co. Kildare

Denis J Collins
CEO, Smarter Dynamics
Chairman, Learn Lode Ltd

Anne Fitzsimons
COO - Services Integration Hub IBM Global Business Services
Director IBM Ireland

Marian Corcoran
Founder MC 2 Change Limited

Dermot Mulligan
Asst. Secretary General Innovation & Investment Division
Department of Business, Enterprise & Innovation

Caroline Dowling
Business Group President, Integrated Network Business Unit and Global Services
Business Unit, Flextronics

Barry O'Sullivan
General Manager, Johnson and Johnson
Vision Care (Vistakon)
President, American Chamber of Commerce

Mary Mosse
Director Port of Waterford Company
Commissioner of The Low Pay Commission

Deirdre Lyons
Secretary, IDA Ireland

Governance Statement and Board Members' Report (continued)

The Board committee structure is outlined below.

Audit, Finance and Risk Committee

Assists and supports the Board in discharging its legal and accounting responsibilities; communicates with external auditors and evaluates and controls the internal audit function; reviews financial planning and the system of internal financial control. It also oversees the implementation of the organisation's risk policy including the development of its risk register and monitors budgeting and banking arrangements.

Members 2017

Peter Cassells (Chair)
Dermot Mulligan
Denis Collins
Geraldine McGinty
Anne Fitzsimons

Members 2018

Anne Fitzsimons (Chair)
Denis Collins
Geraldine McGinty
Dermot Mulligan
Liam Rattigan (External
Committee Member)

Property Committee

Reviews policy with regard to the financing, provision, maintenance and disposal of property, approves procedures with regard to tendering and awarding of contracts and approves expenditure/sales of up to €12million.

Members 2017

Lionel Alexander (Chair)
Martin Shanahan
Anne Fitzsimons
Peter Cassells
Dermot Mulligan

Members 2018

Marian Corcoran (Chair)
Anne Fitzsimons
Martin Shanahan
Dermot Mulligan
Mary Mosse

Regional Development Committee

Provides guidance on the implementation of the regional development aspects of IDA's Strategy. Reviews and monitors IDA's annual and cumulative regional targets and its involvement in national and regional strategy development.

Members 2017

Denis Collins (Chair)
Barry O'Sullivan
Dermot Mulligan
Mary Buckley
Marian Corcoran

Members 2018

Denis Collins (Chair)
Barry O'Sullivan
Dermot Mulligan
Mary Mosse
Mary Buckley

Sectoral Development Committee

The Sectoral Development Committee reviews and recommends sectoral initiatives/investments to the Board. Monitors progress on sectoral initiatives and ensures the infrastructure exists to support the initiatives.

Reviews progress on the National Institute for Bioprocessing Research and Training (NIBRT) investment project to ensure that it is delivering in accordance with the objectives and conditions approved by the IDA Board.

Members 2017

Geraldine McGinty (Chair)
Barry O'Sullivan
Lionel Alexander
Marian Corcoran

Members 2018

Geraldine McGinty (Chair)
Barry O'Sullivan
Marian Corcoran

Management Development and Remuneration Committee

Reviews the performance of the senior management team and plans for management development and succession. The Committee also reviews remuneration of senior management in the context of Government guidelines.

Members 2017

Frank Ryan (Chair)
Martin Shanahan
Lionel Alexander
Caroline Dowling

Members 2018

Frank Ryan (Chair)
Marian Corcoran
Martin Shanahan

Management Investment Committee

Reviews all proposals for grant assistance and recommends them to the Board. Under powers delegated by the Board the Committee approves grants up to a maximum of €500,000.

Members 2017

Martin Shanahan (Chair)
Mary Buckley
Eileen Sharpe
Regina Gannon

Members 2018

Martin Shanahan (Chair)
Mary Buckley
Eileen Sharpe
Regina Gannon
Leo Clancy

Governance Statement and Board Members' Report (continued)

Board Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Board and Committee meetings for 2017 is set out below including the fees and expenses received by each member.

	Board	Audit Finance & Risk Committee	Property Committee of the Board	Regional Development Committee	Management Development & Remuneration Committee	Sectoral Development Initiative Committee	Fees 2017 €	Expenses 2017 €
Number of Meetings	11	4	11	5	5	4		
Frank Ryan (Chairman)	11	-	-	-	5	-	20,520	588
Martin Shanahan (Chief Executive)	11	-	11	-	5	-	-	294
Lionel Alexander	11	-	11	-	5	3	11,970	294
Peter Cassells	5	2	5	-	-	-	11,970	-
Denis Collins	11	4	-	5	-	-	11,970	4,355
Marian Corcoran	11	-	-	5	-	4	11,970	533
Caroline Dowling (Retired in June 2017)	2	-	-	-	-	-	-	-
Anne Fitzsimons	10	4	11	-	-	-	11,970	646
Geraldine McGinty	7	2	-	-	-	4	11,970	8,737*
Mary Mosse (Appointed September 2017)	3	-	-	-	-	-	2,639	511
Dermot Mulligan	11	4	10	5	-	-	-	294
Barry O'Sullivan	7	-	-	4	-	3	11,970	2,783
							106,949	19,035

Board Members expenses in 2017 amounted to €19,035 broken down €6,876 accommodation and €12,159 other travel, subsistence and vouched food expenses.

* Based overseas

Governance Statement and Board Members' Report (continued)

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that IDA has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code.

Employee Short Term Benefits Breakdown

Employee Benefits	Number of Employees (WTE)	
	2017	2016
€60,000 to €70,000	42	38
€70,001 to €80,000	26	26
€80,001 to €90,000	31	26
€90,001 to €100,000	6	11
€100,001 to €110,000	5	-
€110,001 to €120,000	-	1
€120,001 to €130,000	-	3
€130,001 to €140,000	1	-
€140,001 to €150,000	4	2
€150,001 to €160,000	2	1
€160,001 to €170,000	-	1
€170,001 to €180,000	1	-

Consultancy Costs

Consultancy Costs include the cost of external advice to management and exclude outsourced 'business as usual' functions.

	2017	2016
	€'000	€'000
Legal Advice	115	24
Commercial & Technical Evaluation and Studies	352	245
Financial / Actuarial Advice	-	6
Human Resources	23	12
Business Improvement	20	8
Other	39	10
	549	305
Consultancy costs capitalised	-	-
Consultancy costs charged to the Income and Expenditure and Retained Revenue Reserves	549	305
	549	305

Legal Costs and Settlements

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by IDA which is disclosed in Consultancy costs above.

	2017	2016
	€'000	€'000
Legal Fees - Legal Proceedings	-	122
Conciliation and arbitration payments	-	-
Settlements	-	-
	-	122

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2017	2016
	€'000	€'000
Domestic		
- Board	17	13
- Employees	1,912	1,735
International		
- Board	4	9
- Employees	1,052	1,005
	2,985	2,762

Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2017	2016
	€'000	€'000
Domestic		
- Board	-	-
- Employees	6	6
International		
- Board	-	-
- Employees	-	-
	6	6

Financial Statements



Comptroller & Auditor General

Report for presentation to the Houses of the Oireachtas

Industrial Development Agency Ireland

Opinion on financial statements

I have audited the financial statements of the Industrial Development Agency Ireland for the year ending 31 December 2017 as required under the provisions of paragraph 7 of the first schedule of the Industrial Development Act 1993. The financial statements comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of comprehensive income
- the statement of financial position
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Industrial Development Agency Ireland at 31 December 2017 and of its income and expenditure for 2017 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland.*

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Industrial Development Agency Ireland and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Industrial Development Agency Ireland has presented certain other information together with the financial statements. This comprises the annual report including the governance statement and Board members' report and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report. I have nothing to report in that regard.



Seamus McCarthy

Comptroller and Auditor General
25th May 2018

Appendix to the report

Responsibilities of Board members

The governance statement and Board members' report sets out the Board members' responsibilities. The Board members are responsible for

- the preparation of financial statements in the form prescribed under paragraph 7 of the first schedule of the Industrial Development Act 1993
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under paragraph 7 of the first schedule of the Industrial Development Act 1993 to audit the financial statements of the Industrial Development Agency Ireland and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or

error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Industrial Development Agency Ireland's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause Industrial Development Agency Ireland to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if there are material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if there is any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

Statement on Internal Control

Scope of Responsibility

On behalf of the Board of IDA I acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated by the Agency. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in IDA for the year ended 31 December 2017 and up to the date of approval of the financial statements.

Waiver from Department of Public Expenditure and Reform Circular

In 2014, the Department of Public Expenditure and Reform issued a circular in relation to management of and accountability for grants from exchequer funds. This requires that grantors stipulate that grant recipients disclose specific information in their financial statements. This includes details of the grant amount, the purpose for which funds were applied and information on salary rates in operation in the entity. IDA sought a waiver from these requirements from the Department of Business, Enterprise and Innovation, on the basis that IDA's strong transactional controls satisfy the aims of the Circular. This waiver was granted.

Capacity to Handle Risk

IDA has an Audit, Finance and Risk Committee (AFRC) comprising four Board members and one external member, with financial and audit expertise, one of whom is the Chair. The AFRC met four times in 2017.

IDA has an outsourced internal audit function, which reports directly to the AFRC, is adequately resourced and conducts a programme of work agreed with the AFRC.

The AFRC has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within IDA's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

Risk and Control Framework

IDA has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing IDA and these have been identified, evaluated and graded according to their significance. The register is reviewed and approved by the AFRC and the Board on an annual basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- there are systems aimed at ensuring the security of the information and communication technology systems,
- there are systems in place to safeguard the assets, and
- control procedures over grant funding to outside agencies ensure adequate control over approval of grants and monitoring and review of grantees to ensure grant funding has been applied for the purpose intended.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and

the Board, where relevant, in a timely way. I confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Procurement

I confirm that IDA has procedures in place to ensure compliance with current procurement rules and guidelines and that during 2017 IDA complied with those procedures.

Review of Effectiveness

I confirm that IDA has procedures to monitor the effectiveness of its risk management and control procedures. IDA's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the Audit, Finance and Risk Committee which oversees their work, and the senior management within IDA responsible for the development and maintenance of the internal control framework.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2017.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2017 that require disclosure in the financial statements.

Signed on behalf of the Board



Frank Ryan

Chairman

23rd May 2018

Statement of Income & Expenditure & Retained Revenue Reserves

For Year Ended 31 December 2017

	Notes	2017 €'000	2016 €'000
Income			
Oireachtas Grants	2	174,803	155,515
National Training Fund	3	3,000	3,000
Grant Refunds	4	5,031	346
Rental Income		1,132	753
Other Income	5	2,275	2,286
Profit on Disposal of Assets	6	1,852	1,333
Net Deferred Pension Funding	19 (F)	7,654	6,138
		195,747	169,371
Expenditure			
Grants Payable	7	91,335	95,613
Promotion, Administration and General Expenses	8	48,063	45,509
Industrial Building Charges	9	1,546	4,758
Depreciation Charges	10	4,740	7,749
Impairment Charges / (Reversals)	10	(12,943)	(36,064)
Pension Costs	19 (c)	8,211	6,511
		140,952	124,076
Surplus for the Year before Appropriations		54,795	45,295
Contribution to the Exchequer	11	-	(331)
Transfer (to) Capital	12	(20,971)	(40,552)
Surplus for the year after Appropriations		33,824	4,412
Balance Brought Forward at 1 January		960	(3,452)
Balance Carried Forward at 31st December 2017		34,784	960

Amounts shown under Income and Expenditure are in respect of continuing activities. The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the year.

The Statement of Cashflows and notes 1 to 25 form part of these Financial Statements.

On behalf of the Board of IDA:

Date: 23rd May 2018



Frank Ryan
Chairman



Martin Shanahan
Chief Executive



Anne Fitzsimons
Chairman
Audit, Finance & Risk Committee

Statement of Comprehensive Income

For Year Ended 31 December 2017

	Notes	2017 €'000	2016 €'000
Surplus before Appropriations		54,795	45,295
Experience (loss) / gain on retirement benefit obligations	19 (d)	19	117
Change in assumptions underlying the present value of retirement benefit obligations	19 (d)	(4,114)	(27,764)
Total actuarial (loss) in the year		(4,095)	(27,647)
Adjustment to deferred retirement benefits funding		4,095	27,647
Other Comprehensive Income for the year		54,795	45,295

The Statement of Cashflows and notes 1 to 25 form part of these Financial Statements.

On behalf of the Board of IDA:

Date: 23rd May 2018



Frank Ryan
Chairman



Martin Shanahan
Chief Executive



Anne Fitzsimons
Chairman
Audit, Finance & Risk Committee

Statement of Financial Position

As at 31 December 2017

	Notes	2017 €'000	2016 €'000
Tangible Fixed Assets			
Industrial Property	13	173,799	152,724
Other Fixed Assets	14	488	592
		174,287	153,316
Intangible Assets			
Telecommunication Assets	15	-	-
		174,287	153,316
Current Assets			
Receivables	16	26,425	15,340
Cash and Cash Equivalents		16,273	6,993
		42,698	22,333
Current Liabilities			
Payables	17	(3,975)	(9,082)
		38,723	13,251
Long Term Receivables			
Receivables: amounts falling due after more than one year	16	129	139
Long Term Payables			
Payables: amount falling due after more than one year	17	-	-
Provisions			
Provisions for Liabilities and Charges	18	(4,068)	(12,430)
Pensions			
Deferred Pension Funding Asset	19 (f)	151,667	139,918
Pension Liability	19 (e)	(151,667)	(139,918)
		209,071	154,276
Representing:			
Capital Account	12	174,287	153,316
Retained Revenue Reserves		34,784	960
		209,071	154,276

The Statement of Cashflows and notes 1 to 25 form part of these Financial Statements.

On behalf of the Board of IDA:

Date: 23rd May 2018



Frank Ryan

Chairman



Martin Shanahan

Chief Executive



Anne Fitzsimons

Chairman

Audit, Finance & Risk Committee

Statement of Cash Flow

For Year Ended 31 December 2017

	Notes	2017 €'000	2016 €'000
Net Cash Flows From Operating Activities			
Excess Income over Expenditure		54,795	45,295
(Increase) / Reduction in Value of Fixed Assets			
- Industrial Property	10	(8,561)	(28,651)
- Other Fixed Assets & Telecommunication Assets	10	358	336
Expenditure Capitalised	8 (a)	(360)	(250)
Profit on Disposal of Assets	6	(1,852)	(1,333)
Bank Interest	5	(1)	(4)
Contribution to the Exchequer	11	-	(331)
(Increase) in Receivables amounts falling due within one year	16	(11,085)	(1,271)
(Decrease) / Increase in Payables amounts falling due within 1 year	17	(5,107)	2,428
(Decrease) in Provisions and Charges	18	(8,362)	(4,896)
Decrease in Receivables amounts falling due after more than one year	16	10	71
(Decrease) in Accounts Payable amounts falling due after more than one year	17	-	(3,000)
Net Cash Inflow from Operating Activities		19,835	8,394
Cash Flows from Investing Activities			
Acquisitions		(18,361)	(15,431)
Disposals		7,805	4,777
Net Cash Flows from Investing Activities		(10,556)	(10,654)
Cash Flows From Financing Activities			
Bank Interest Received		1	4
Net Cash Flows from Financing Activities		1	4
Net Increase / (Decrease) in Cash and Cash Equivalents		9,280	(2,256)
Cash and cash equivalents at 1 January		6,993	9,249
Cash and Cash Equivalents at 31 December		16,273	6,993

1 Accounting Policies

The basis of accounting and significant accounting policies adopted by IDA are set out below. They have all been applied consistently throughout the year and the preceding year:

(A) GENERAL INFORMATION

The Industrial Development Agency (IDA) Ireland was established on 1 January 1994 under the provisions of the Industrial Development Act, 1993. IDA Ireland's head office is located at Wilton Park House, Dublin 2. IDA Ireland is a Public Benefit Entity (PBE). A Public benefit entity provides goods or services for the general public, community or social benefit and where any equity is provided, it is to support the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.

IDA Ireland's primary objective as set out in Part II S8 of the Industrial Development (IDA Ireland) Act 1993 is:

- to promote the establishment and development, in the State, of industrial undertakings from outside the State.
- to make investments in and provide supports to industrial undertakings which comply with the requirements of the enactments for the time being in force.
- to administer such schemes, grants and other financial facilities requiring the disbursement of European Union Funds and such other funds as may from time to time be authorised by the Minister for Public Expenditure and Reform, and to carry out such other functions as may from time to time be assigned to it by the Minister.

(B) STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with the historical cost convention, modified in compliance with Financial Reporting Standard 102 (FRS 102) issued by the Financial

Reporting Council in the form approved by the Minister for Business, Enterprise and Innovation with the consent of the Minister for Public Expenditure and Reform.

The presentation currency of the Financial Statements of IDA Ireland is in Euro. The functional currency of IDA Ireland is considered to be Euro as it is the primary economic environment in which the agency operates.

(C) REVENUE

Oireachtas Grants

Revenue is generally recognised on an accruals basis: the one exception being Oireachtas Grants which are recognised on a cash receipts basis.

Refunds of Grants Paid

Grants paid become refundable in certain circumstances, such as liquidation / dissolution of the recipient company, or if the conditions of the grant are not met. Grant refunds are recognised when it is probable that the money will be received by IDA and the amount can be estimated reliably; therefore they are accounted for on an accruals basis.

Interest Income

Interest income is recognised on an accruals basis using the effective interest rate method.

Rental Income

Rents comprise amounts due under the terms of lease agreements for periods of up to 35 years entered into between the Agency and tenants, charges for the use of undeveloped lands and estate maintenance charges billed to tenants and are accounted for on an accruals basis.

Other Revenue

Other revenue is recognised on an accruals basis.

(D) GRANTS PAYABLE

Grants are accrued in the Financial Statements when the grantee complies with stipulated conditions.

(E) TANGIBLE FIXED ASSETS

Tangible Fixed Assets comprise :

- (i) Land which is held for the purposes of industrial development.
- (ii) Site development works.
- (iii) Industrial buildings leased to tenants including buildings in the course of sale where title had not passed at the year end.
- (iv) Vacant property available for industrial promotion or in the course of sale where title had not passed at the year end.
- (v) Other Fixed Assets including computer and office equipment and fixtures and fittings.

Tangible Fixed Assets are stated at cost less accumulated depreciation and provision for impairment. Depreciation is provided on all tangible assets, other than land at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over the estimated useful lives as follows :

(i) Buildings	3 % per annum
(ii) Site Development	10 % per annum
(iii) Office Equipment / Fixtures & Fittings	20 % per annum
(iv) Computers	33 % per annum
(v) Land	0 % per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

Impairment of Property, Plant and Equipment

Provisions for impairments may be made following reviews of fixed assets and telecommunication assets carried out by officers of IDA or independent valuers,

as appropriate, if events or changes in circumstances or economic conditions indicate that the carrying amount of the assets may not be fully recoverable.

Any such provisions will be recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year in which they are made. Where a subsequent review indicates that the circumstances which gave rise to a provision for impairment no longer exists or have changed materially the accumulated provision for impairment will be reduced accordingly.

If there is objective evidence of impairment of the value of an asset, an impairment loss is recognised in the Statement of Income and Expenditure and Retained Revenue Reserves in the year.

Reversals of impairments in previous years are accounted for through the Statement of Income and Expenditure and Retained Revenue Reserves.

The cost of land, site development and industrial property includes an apportionment of administration costs associated with the acquisition or development of the assets.

(F) INDUSTRIAL PROPERTY

Industrial Property included in tangible fixed assets has been acquired, developed or constructed for the purposes of assisting in the promotion and development of industry and is not considered to be investment property but normal fixed assets.

By way of memorandum Income and Expenditure in respect of Industrial Property transactions are set out in note 22 to the Financial Statements.

(G) INTANGIBLE FIXED ASSETS:

Intangible Fixed Assets comprise telecommunication assets which constitute an indefeasible right of use of a designated portion of a global telecommunications network for a period of 25 years from 2000.

(H) RECEIVABLES

Receivables are recognised at fair value, less a provision for doubtful debts. The provision for doubtful debts is a specific provision, and is established when there is objective evidence that IDA will not be able to collect all amounts owed to it. All movements in the provision for doubtful debts are recognised in the Statement of Income and Expenditure and Retained Revenue Reserves. Receivables include :

- (i) Properties sold on a deferred basis. Interest is charged on these amounts at the Exchequer Lending Rates advised by the Department of Finance or the EU Discount Reference Rate as applicable.
- (ii) Rents due under the terms of lease agreements, for periods of up to 35 years, entered into between the Agency and tenants, charges for the use of undeveloped lands and estate maintenance charges billed to tenants.
- (iii) Fees from purchase options given on IDA property, deposits paid by IDA for the purchase of property where title had not passed to the Agency at 31 December, and the provision of other services.
- (iv) Amounts due in respect of the disposal or leasing of telecommunication assets.
- (v) Amounts due in respect of joint arrangements.
- (vi) Amounts due in respect of loans advanced and interest thereon.

(I) PAYABLES COMPRISE AMOUNTS PAYABLE IN RESPECT OF:

- (i) Creditors and Accruals.
- (ii) Grants are payable in line with note (D).
- (iii) Deposits for uncompleted sales.

(J) PROVISIONS FOR LIABILITIES AND CHARGES COMPRISE:

- (i) Amounts provided in respect of potential costs associated with the dilapidations provision of operating leases.
- (ii) Amounts provided where the future costs arising

under operating leases are estimated to exceed the amounts recoverable from sub lessees.

(K) FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the Statement of Financial Position date. Revenues and costs are translated at the exchange rates ruling at the dates of the underlying transactions. Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with in the Statement of Income and Expenditure and Retained Revenue Reserves.

(L) LEASES

The rentals under operating leases are dealt with in the Financial Statements as they fall due. In the case of industrial property available for promotion a provision is made, where applicable, for future rental payments by the Agency.

(M) EMPLOYEE BENEFITS

Short-term Benefits

Short term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position.

Retirement Benefits

The Industrial Development (Forfás Dissolution) Act 2014 (No 13 of 2014) which was passed into law on 16th July 2014 made provision for the dissolution of Forfás and provided for: the establishment of IDA Ireland, Enterprise Ireland and Science Foundation Ireland as separate legal employers; each agency developing its own pension scheme noting that staff who are/were members of the Forfás Pension Scheme

join the new Agency Schemes on superannuation terms no less favourable than those they enjoyed under the Forfás Scheme immediately before the date of transfer, agencies' own staff becoming members of these schemes; and these agencies accounting for the associated Pension Liabilities under FRS102. The Department of Business Enterprise and Innovation assumes legal responsibility for the existing Forfás pension schemes, pensioners and former staff with preserved benefits.

Under the Public Service Pensions (Single Scheme and other provisions) Act 2012 new entrants to the Public Service on or after 1 January 2013 become members of the Single Public Service Pension Scheme.

IDA has the full legal responsibility for its employees as their legal employer. This includes responsibility for the pensions of current employees who retire after 16th July 2014. The Financial Statements also reflect the pension costs of IDA staff covered by the Single Public Service Pension Scheme.

IDA's pension costs reflect unfunded defined benefit pension schemes, which are funded annually on a pay as you go basis from monies available to it, including monies provided by the Department of Business, Enterprise and Innovation and from certain contributions deducted from staff salaries.

Pension costs reflect pension benefits earned by employees in the period and are shown net of retained staff pension contributions. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised

in the amount recoverable from the Department of Business, Enterprise and Innovation.

Pension liabilities represent the present value of future pension payments earned by staff to-date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Business, Enterprise and Innovation.

Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method.

(N) CRITICAL JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of IDA Ireland's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Residual values and depreciation of assets

Management have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

Impairment reviews of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Retirement benefit obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels and mortality rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

- The assumptions can be affected by:
- (i) the discount rate, changes in the rate of return on high-quality corporate bonds
 - (ii) future compensation levels, future labour market conditions
 - (iii) changes in demographics

Provisions

The Agency makes provisions for legal and constructive obligations, which it knows to be outstanding at the period end date. These provisions are generally made based on historical or other pertinent information and adjusted for recent trends where relevant. However, they are estimates of the financial costs of events that may not occur for some years. As a result of this and the level of uncertainty attaching to the final outcomes, the actual out-turn may differ significantly from that estimated.

Notes to the Financial Statements (continued)

For Year Ended 31 December 2017

2 Oireachtas Grants

The Oireachtas Grants are provided under section 35 of the Industrial Development (Science Foundation Ireland) Act 2003. The aggregate amount provided to IDA in respect of Grants for Industry and Grants for Industrial Property in the period 1 January 1994 to 31 December 2017 was €2.642bn.

The Oireachtas Grants as shown in the Financial Statements consist of the following sums paid from Vote 32 - Business, Enterprise and Innovation:

		2017	2016
		€'000	€'000
Grants for Promotion and Administration Expenditure	Vote 32 - Subhead A5 (i)	40,803	39,865
Grant for Industry	Vote 32 - Subhead A5 (ii)	97,000	92,756
Grant for Industrial Property	Vote 32 - Subhead A5 (iii)	37,000	22,894
		174,803	155,515

The Grant for Promotion and Administration Expenditure of €40.803m is stated net of employee pension contributions of €927,484 (€943,538 - 2016) remitted to the Exchequer.

3 National Training Fund

Included in the training grant payments of €12.702m (see note 7) are training grant payments of €3m (€3m in 2016) which were met with funds received through the Department of Business, Enterprise and Innovation from the National Training Fund, which is administered through the Department of Education & Skills Subhead B3. Payments made are in compliance with the statutory requirements of the Fund as provided for in section 7 of the National Training Fund Act, 2000.

4 Grant Refunds

When the conditions of a grant agreement are breached by a client company, the grant is recoverable. During the year the Agency recovered €5.031m (€346k in 2016) relating to grant refunds.

5 Other Income

	2017	2016
	€'000	€'000
Private sector sublets of Leased Office Accommodation	1,912	1,917
Bank Interest	1	4
Fee Income in respect of Undeveloped Lands	260	251
Interest on Industrial Property Transactions	18	54
Sundry Income	84	60
	2,275	2,286

6 Profit on Disposal of Assets

	2017	2016
	€'000	€'000
Consideration (net of fees and direct expenses)	7,805	4,777
Historical Costs	(11,205)	(7,598)
Write back of provision for impairment	2,244	1,071
Write back of provision for depreciation	3,008	3,083
	1,852	1,333

The profit on disposal disclosure comprises of profits of €2.897m, losses of €1.045m resulting in net profits on disposals of €1.852m.

7 Grants Payable

	2017	2016
	€'000	€'000
Capital	10,006	19,504
Employment	13,983	18,979
R&D	54,251	44,765
Training	12,702	9,729
Other Grants	393	2,636
	91,335	95,613

Notes to the Financial Statements (continued)

For Year Ended 31 December 2017

8 Promotion, Administration and General Expenses	2017	2016
(a)	€'000	€'000
Board members' fees, expenses and remuneration	300	279
Other remuneration costs	24,377	24,346
Marketing, consultancy, promotions and advertising - see 8 (b)	11,322	10,022
General administration	12,483	11,042
Audit fee	53	50
Provision for doubtful debts	(112)	20
Less: Capitalisation of expenditure associated with industrial property development	(360)	(250)
	48,063	45,509

8 (b)	2017	2016
Other remuneration costs comprise:	€'000	€'000
Staff short-term benefits	22,988	23,043
Employers contribution to social welfare	1,389	1,303
Termination Benefits	-	-
Retirement benefit costs	-	-
	24,377	24,346

The total number of staff employed (WTE) at year end was 280 (2016 : 259).

8 (c)	2017	2016
Staff Short Term Benefits	€'000	€'000
Basic Pay	22,978	23,033
Overtime	10	10
Allowances	-	-
	22,988	23,043

In 2017, €823,000 of pension levy has been paid over to the Department of Business, Enterprise and Innovation.

8 (d)	2017	2016
Key Management Personnel	€'000	€'000
Key Management personnel in IDA consists of the members of the Board, the Chief Executive Officer and the Divisional Managers. The total value of employee benefits for key management personnel is set out below:		
	2017	2016
	€'000	€'000
Basic Pay	1,232	1,193
Allowances	-	-
Termination benefits	-	-
Health Insurance	-	-
	1,232	1,193

8 (e)	2017	2016
Chief Executive Remuneration	€	€
Mr Martin Shanahan	171,407	168,210
Total	171,407	168,210

The Chief Executive Officer (CEO) receives an annual salary of €172,473 (pro rata). The CEO's pension entitlement does not extend beyond the standard public sector pension arrangements.

8 (f)	Annual Rent Payable in respect of Leased Office Accommodation				
	Number of Offices	Lease Expiry Date	Gross Rent Payable €'000	Net Rent Payable 2017* €'000	
	Head Office	1	2019	4,625	2,043
	Regional Offices	4	2020-2028	332	332
	Overseas Offices	18	2018-2026	2,125	2,125
				7,082	4,500

*This takes account of amounts received from other State bodies and private tenants that occupy part of the office buildings concerned.

- In the case of Head Office and ten overseas offices, accommodation is co-located with other State Agencies and / or the Irish Government Missions.
- Three overseas leases were renewed in 2017.
- One regional office lease contains break clauses in 2018 or 2019.
- The Agency does not own any property which is used or available for the accommodation of its staff.

8 (g) Commitments under Operating Leases

At 31 December the commitment under operating leases is €17.225m. These leases will expire as follows:

	2017 €'000			2016 €'000		
	Non-Industrial Property	Industrial Property Occupied under leases	Industrial Property Available for Promotion	Non-Industrial Property	Industrial Property Occupied under leases	Industrial Property Available for Promotion
within one year	7,082	32	76	6,955	765	1,458
in the second to fifth years inclusion	8,307	21	38	13,950	117	295
more than 5 years	1,669	-	-	2,663	-	-
	17,058	53	114	23,568	882	1,753

9 Industrial Building Charges

These charges include the net costs associated with industrial buildings provided by the private sector and maintenance costs in respect of all promotable industrial buildings held by IDA. Costs comprise: professional, legal and consultancy costs €2.176m [2016 €1.64m], net operating lease costs €1.841m [€3.966 - 2016] and business park maintenance costs €5.891m [2016 €4.048m], reduced by the net movement on provisions in respect of operating leases (as set out in note 18) €8.362m [2016 €4.896m].

10 Reduction in Value of Fixed Assets

	Notes	2017 €'000	2016 €'000
Depreciation Charges			
- Industrial Property	13	4,382	7,413
- Other Fixed Assets	14	358	336
Impairment Charges / (Reversals)			
- Industrial Property	13	(12,943)	(36,064)
		(8,203)	(28,315)

Depreciation is calculated in order to write off the cost of assets less, where applicable, any impairment provision over their estimated remaining useful lives. No provision for depreciation is made in respect of land or investments.

Impairment charges arise where the book value of Industrial Property or Telecommunications Assets exceed their estimated recoverable value. Impairment reversals arise where there is clear evidence that the recoverable value of Industrial Property or Telecommunications Assets exceed their book value, up to the amount of the original impairment.

11 Contribution to the Exchequer

By agreement with the Department of Business, Enterprise and Innovation receipts from promotion and administration activities, grant refunds, ESF receipts, the sale of industrial property and income derived from the sale and or leasing of telecommunication assets to the extent that they exceed the Agency's expenditure requirements, are refundable to the Exchequer. Contributions paid to the Exchequer in 2017 amounted to €Nil (€331k in 2016):

	2017 €'000	2016 €'000
Administration	-	331
Grant Refunds	-	-
Telecommunication Assets	-	-
	-	331

12 Capital

	Notes	2017 €'000	2016 €'000
At 1 January		153,316	112,764
Net Movements on:			
- Industrial Property	13	21,075	40,636
- Other Fixed Assets	14	(104)	(84)
Transfer from Statement of Income and Expenditure and Retained Revenue Reserves		20,971	40,552
At 31 December		174,287	153,316

Notes to the Financial Statements (continued)

For Year Ended 31 December 2017

13 Tangible Fixed Assets - Industrial Property											
						2016					
	Land	Site Development	Industrial Property Occupied under Leases	Industrial Property Available for Promotion	Total	Land	Site Development	Industrial Property Occupied under Leases	Industrial Property Available for Promotion	Total	
Cost	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
At 1 January	263,858	152,374	20,701	18,895	455,828	264,446	152,702	22,795	7,821	447,764	
Additions	123	3,406	-	14,938	18,467	3,571	2,736	-	9,122	15,429	
Transfers	-	-	4,899	(4,899)	-	-	-	(1,952)	1,952	-	
Disposals	(996)	(3,029)	(2,441)	(4,709)	(11,175)	(4,159)	(3,064)	(142)	-	(7,365)	
At 31 December	262,985	152,751	23,159	24,225	463,120	263,858	152,374	20,701	18,895	455,828	
Provision for Impairment											
At 1 January	136,288	1,938	5,038	1,565	144,829	167,149	7,836	5,962	1,017	181,964	
Charge/(Reversal) for Year	(12,052)	(891)	-	-	(12,943)	(29,790)	(5,898)	(376)	-	(36,064)	
Transfers	-	-	-	-	-	-	-	(548)	548	-	
Disposals	(135)	(537)	(1,549)	(23)	(2,244)	(1,071)	-	-	-	(1,071)	
At 31 December	124,101	510	3,489	1,542	129,642	136,288	1,938	5,038	1,565	144,829	
Provision for Depreciation											
At 1 January	-	145,278	12,138	859	158,275	-	141,447	13,132	(867)	153,712	
Charge for Year	-	3,243	167	972	4,382	-	6,543	225	645	7,413	
Transfers	-	-	180	(180)	-	-	-	(1,081)	1,081	-	
Disposals	-	(2,079)	(279)	(620)	(2,978)	-	(2,712)	(138)	-	(2,850)	
At 31 December	-	146,442	12,206	1,031	159,679	-	145,278	12,138	859	158,275	
Net Book Amount											
At 31 December	138,884	5,799	7,464	21,652	173,799	127,570	5,158	3,525	16,471	152,724	
At 1 January	127,570	5,158	3,525	16,471	152,724	97,297	3,419	3,701	7,671	112,088	
Net Movement for Year					21,075						40,636

- (a) Included in the table above is an amount relating to a joint arrangement entered into in 2004 by the Agency with Fingal County Council to develop lands in Blanchardstown Dublin in the ownership of the Council, for subsequent sale to industrial undertakings. Under the terms of the arrangement, IDA is responsible for making infrastructural improvements to the lands. The Agency bears the full costs of this work and is entitled to receive half of the proceeds of any sales. The net book amount included above in relation to this arrangement is €Nil.

Notes to the Financial Statements (continued)

For Year Ended 31 December 2017

14 Other Fixed Assets	2017		Motor Vehicles	2016	
	Office and Computer Equipment, Fixtures & Fittings	Total		Office and Computer Equipment, Fixtures & Fittings	Total
Cost	€'000	€'000	€'000	€'000	€'000
At 1 January	10,596	10,596	12	10,565	10,577
Additions	254	254	-	252	252
Transfer from other state agency	-	-	-	-	-
Disposals	(30)	(30)	(12)	(221)	(233)
At 31 December	10,820	10,820		10,596	10,596
Provision for Depreciation					
At 1 January	10,004	10,004	12	9,889	9,901
Charge for Year	358	358	-	336	336
Disposals	(30)	(30)	(12)	(221)	(233)
At 31 December	10,332	10,332	-	10,004	10,004
Net Book Amount					
At 31 December	488	488	-	592	592
At 1 January	592	592	-	676	676
Net Movement for Year	(104)	(104)	-	(84)	(84)

Notes to the Financial Statements (continued)

For Year Ended 31 December 2017

15 Telecommunication Assets

Acting pursuant to a Government decision IDA Ireland, in conjunction with the Department of Public Enterprise (now the Department of Communications, Energy and Natural Resources), entered into contracts in 1999 for the purchase of telecommunication assets in the form of an indefeasible right of use of a designated portion of a global telecommunications network for a period of 25 years from 2000. A portion of the capacity purchased by IDA was sold to a number of service providers. The remaining assets have an historical cost of €38.85m, which amount has been written off by way of an impairment charge of €21m in 2002 and aggregate depreciation of €17.85m over 8 years from 2000, resulting in a net book value of €Nil.

16 Receivables

	2017	2016
Amounts falling due within one year:	€'000	€'000
Accounts Receivable and Prepayments	27,585	16,612
Provision for Doubtful debts	(1,159)	(1,271)
Amounts due in respect of disposal of Industrial Property	(1)	(1)
Interest Receivable	-	-
	26,425	15,340
Amounts falling due after more than one year:		
Amounts due in respect of disposal of Industrial Property	129	139
	26,554	15,479

The Accounts Receivable and Prepayments figure of €27.585m includes an amount of €5.02m in respect of a Board approved payment of €5.02m to Sligo County Council to assist in the funding of a road development in Sligo Town. The road will enhance access to lands owned by the Agency for the development of a business park. Also included in receivables and prepayments are amounts of €15m in down payments on property transactions, mainly reflecting payments into solicitors' escrow accounts on property purchases, anticipated to be completed in early 2018.

17 Payables

	2017	2016
Amounts falling due within one year:	€'000	€'000
Accounts Payable and Accruals	3,716	8,857
Amount due on Uncompleted Sales	259	225
	3,975	9,082
Amounts falling due after more than one year:		
Amounts due in respect of lease exit	-	-
	3,975	9,082

18 Provision for Liabilities and Charges

	2017	2016
Operating Leases Provision	€'000	€'000
1st January	12,430	17,326
Net (reduction) for the year	(8,362)	(4,896)
Total at 31st December	4,068	12,430

The Operating Leases Provision comprises:

- Potential building reinstatement costs associated with obligations under operating leases.
- Future costs arising under operating leases estimated to exceed the amounts recoverable from sub lessees.

19 Pensions

(a)

IDA has responsibility for the pension costs of staff retiring from IDA post 16th July 2014, under the Industrial Development (Forfás Dissolution Act 2014). Staff who are/were members of the Forfás Pension Scheme join the new IDA Scheme on superannuation terms no less favourable than those they enjoyed under the Forfás Scheme immediately before the date of transfer from Forfás to IDA. The IDA scheme covers the following categories of staff in IDA:

Staff Covered

- (a) Staff recruited up to 5 April 1995 who became pensionable after that date.
- (b) Staff recruited after 5th April 1995 and before 1st January 2013.
- (c) Staff recruited since 1st January 2013, who are members of the Single Public Service Pension Scheme.

Each of the Schemes include Spouses and Children's schemes.

The new Single Public Service Scheme ("Single Scheme") commenced with effect from 1 January 2013. All new entrants to pensionable public service employment on or after 1 January 2013 are, in general, members of the Single Scheme. The rules of the Single Scheme are set down in the Public Service Pensions (Single Scheme and Other provisions) Act 2012. Pension liabilities in relation to those individuals employed under the Single Public Service Scheme for less than 2 years have not been included in the pension calculation as they will not have accrued pension rights until after 2 years service is attained.

IDA meets the net costs arising from normal retirements. These are paid out of current income. Contributions received by IDA from staff in the contributory unfunded schemes outlined above are used to part fund ongoing pension liabilities.

Under the Financial Measures (Miscellaneous Provisions) Act 2009 the assets of the Former Industrial Development Authority were transferred to the National Pension Reserve Fund on 31 December 2009. The pension schemes associated with these two funds continue in force for existing members with no impact on benefits or associated provision for members. IDA Ireland remits employee contributions to the Exchequer. Total employee contributions of €927k for these schemes were remitted by IDA to the Exchequer in 2017 and pension costs at retirement are paid by Oireachtas Grant Vote No 32 subhead A5 (i).

(b) Pension Disclosure under FRS102

Financial Reporting Standard 102 (FRS102) requires financial statements to reflect at fair value the assets and liabilities from an employer's superannuation obligations and any related funding and to recognise the costs of providing superannuation benefits in the accounting periods in which they are earned by employees.

(c) Analysis of Total Pension Charge	2017	2016
	€'000	€'000
Service costs	6,492	4,605
Interest on Pension Scheme Liabilities	2,646	2,849
Employee Contributions utilised in payment of Pensions	(927)	(943)
	8,211	6,511

(d) Analysis of amount recognised in Statement of Comprehensive Income

	2017	2016
	€'000	€'000
Experience (losses) / gains	19	117
Changes in assumptions (Losses)	(4,114)	(27,764)
Actuarial (Loss) / Gain	(4,095)	(27,647)

(e) Pension Liability	2017	2016
Change in Pension Schemes' Liabilities	€'000	€'000
Opening Balance	139,918	106,133
Current Service Cost	6,492	4,605
Interest Costs	2,646	2,849
Payments to Pensioners	(1,484)	(1,316)
Actuarial loss	4,095	27,647
Present Value of Schemes Obligations at 31 December	151,667	139,918

(f) Net Deferred Funding for Pensions in Year	2017	2016
	€'000	€'000
Funding Recoverable in respect of Current Year pension costs	9,138	7,454
Funding to pay Pensions	(1,484)	(1,316)
	7,654	6,138

IDA recognises as an asset an amount corresponding to the unfunded deferred liability for pensions on the basis of the set of assumptions described below and a number of past events. These events include the statutory basis for the establishment of the superannuation schemes, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process. IDA has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The deferred funding asset for pensions at 31 December 2017 amounted to €151.667m (2016 - €139.918m). The quantification of the liability is based on the financial assumptions set out in note 19(g). The assumptions used, which are based on actuarial advice, are advised to the Department of Business, Enterprise and Innovation.

(g) Valuation

The valuation used for FRS102 disclosures has been based on a full actuarial valuation at 31 December 2016. The financial assumptions used to calculate scheme liabilities under FRS102 as at 31 December were as follows;

Valuation method -

Projected Unit	2017	2016	2015	2014
Discount rate	1.95% p.a.	1.90% p.a.	2.70% p.a.	2.40% p.a.
Future salary increases	3.40% p.a.	3.35% p.a.	3.20% p.a.	2.75% p.a.
Future state pension increases	3.40% p.a.	3.35% p.a.	3.20% p.a.	2.75% p.a.
Future pension increases	2.90% p.a.	2.85% p.a.	2.70% p.a.	2.25% p.a.
Future Inflation	1.90% p.a.	1.85% p.a.	1.70% p.a.	1.25% p.a.

Year of attaining age 65

	2017	2037
Life expectancy - male	21.2	23.7
Life expectancy - female	23.7	25.8

(h) History of defined Benefit Obligations - Commenced 2014

Year Ending 31 December	2017 €'000	2016 €'000	2015 €'000	2014 €'000
Defined Benefit Obligation	151,667	139,918	106,133	96,987

Experience gains / (losses) on Scheme Liabilities:

Amount	19	117	(666)	2,442
Percentage of Scheme Liabilities	0.0%	0.1%	(0.6%)	2.5%

Total (loss) / gain recognised in Statement of Comprehensive Income:

Amount	(4,095)	(27,647)	(4,198)	2,041
Percentage of Scheme Liabilities	(2.7%)	(19.8%)	(4.0%)	2.0%

20 Commitments

It is estimated that future payments likely to arise from Grant Commitments amounted to €338m as at 31 December 2017 (2016 : €331m). Capital Commitments outstanding at 31 December 2017 on contracts for the acquisition and development of Industrial Property amounted to €13m (2016 : €23m).

21 Taxation

Section 227 of the Taxes Consolidation Act, 1997, provides an exemption from tax for income of non-commercial state bodies. This exemption does not apply to deposit interest. Where interest receivable is subject to tax at source (e.g. DIRT), the net receivable amount is credited to the Operating Account.

In some countries in which the Agency operates, an exemption from local taxation has been availed of under the Governmental Services article of the relevant double taxation agreement. This position continues to be under review by the Agency which is actively seeking clarification to determine whether overseas employment taxes arise in any of the jurisdictions where this exemption has been availed of. The review could result in a liability to taxes but in view of the uncertainty in relation to the amount, if any, of such possible contingent liability no provision has been made in the financial statements for the year ended 31 December 2017.

22 Industrial Property Income and Expenditure

	Notes	2017 €'000	2016 €'000
Income:			
Oireachtas Grant	2	37,000	22,894
Rental Income IDA Ireland Client Companies		1,132	753
Fee Income in respect of Undeveloped Lands	5	260	251
Interest on Industrial Property Transactions	5	18	54
Profit on Disposal of Industrial Property		1,852	1,315
		40,262	25,267
Expenditure:			
Promotion, Administration and General Expenses		1,351	1,322
Industrial Building Charges	9	1,546	4,758
Depreciation Charges and Provisions	10	(8,561)	(28,651)
		(5,664)	(22,571)
Net Movement for Year		45,926	47,838
Transfer (to) Capital	12	(21,075)	(40,636)
Contribution to Promotion and Administration activities		24,851	7,202

23 Related Party Disclosures

In the normal course of business the Agency may approve grants and may also enter into other contractual arrangements with undertakings in which IDA Board members are employed or otherwise interested.

The Agency adopted procedures in accordance with the guidelines issued by the Department of Public Expenditure and Reform covering the personal interests of Board members and these procedures have been adhered to by the Board members and the Agency. During 2017 two transactions required disclosure as the relevant grant approvals and grant payments related to companies in which Board members are employed or are otherwise associated. The transactions comprised one grant approval for €1.155m and one grant payment for €2.516m from grant approvals to date.

In cases of potential conflict of interest, Board members do not receive Board documentation or otherwise participate in or attend discussions regarding these transactions. A register is maintained and available on request of all such instances.

24 Contingent Liability

IDA entered into an agreement with a service provider with the objective of winning foreign direct investments, primarily in small and medium sized enterprises, resulting in the creation of sustainable jobs. On 25th March 2016 the agreement was extended for a period of one year to enable the orderly wind down of the contract. In accordance with the contractual obligation in the agreement, IDA made a payment to the service provider in 2017. The payment, which was provided for in the 2016 Financial Statements, was calculated by reference to potential future job creation. If the number of jobs created and verified is less than provided for in the payment, a refund will be sought and if the number of jobs created and verified is more than provided in the payment, a further payment will be made. Following correspondence between parties, disputed matters have been referred to arbitration.

25 Approval of Financial Statements

The Financial Statements were approved by the Board on 10th May 2018.

Global Office Network

